



Department of Economic and
Community Development

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Catherine H. Smith
Commissioner

TESTIMONY BEFORE THE COMMERCE COMMITTEE
2/24/15

RE: HB 6828: AN ACT ESTABLISHING A STATE FILM PERMITTING PROCESS

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo and members of the Commerce Committee. I appreciate the opportunity to testify in support of HB 6828: An Act Establishing a State Film Permitting Process.

As you are aware, our mission at the Department of Economic and Community Development (DECD) is to develop and implement strategies to increase the state's economic competitiveness. We do this by attracting and retaining businesses and jobs, revitalizing neighborhoods and communities, and preserving and promoting cultural and tourism assets.

In an effort to efficiently and effectively carry out our mission, we at DECD are constantly evaluating our programs, processes and procedures. Over the past two years, DECD has conducted various LEAN exercises – including some in conjunction with other state agencies – which have helped us cut processing times, get answers to constituents more quickly, and improve the agency's overall efficiency. It was during one of these LEAN exercises with the Connecticut Department of Transportation that the idea for a state film permitting process materialized.

DECD's Office of Film, Television & Digital Media (CT Film Office) already assists local, national and international motion picture, TV, and media production companies with various tasks, including finding locations in Connecticut, hiring local cast and crew, and securing permits. HB 6828 seeks to formalize the CT Film Office as the single point of contact for entities requesting authority to conduct a film production on state-owned land. Further, it proposes to establish a state film permit that these entities would need to acquire before seeking approval to film on property controlled by a state agency. This state film permit would serve to substantiate to a state agency that DECD had vetted the entity for the ability (including the appropriate insurance) to conduct film activities.

By establishing the CT Film Office as the single point of contact and implementing a state film permit, HB 6828 promises to clarify and improve the process for those seeking to film on state-owned land. Since various other states have similar permit procedures, it also promises to align Connecticut's processes with ones already familiar to those in the industry. As a result, we respectfully request your support of HB 6828.



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TESTIMONY BEFORE THE COMMERCE COMMITTEE
2/24/15

**RE: HB 6829: AN ACT INCREASING THE THRESHOLD FOR LEGISLATIVE APPROVAL OF
FINANCIAL ASSISTANCE AWARDED BY THE DEPARTMENT OF ECONOMIC AND
COMMUNITY DEVELOPMENT AND CONNECTICUT INNOVATIONS, INCORPORATED**

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo and members of the Commerce Committee. Thank you for the opportunity to testify in support of HB 6829: An Act Increasing the Threshold for Legislative Approval of Financial Assistance Awarded by the Department of Economic and Community Development and Connecticut Innovations, Incorporated.

As you are aware, our mission at the Department of Economic and Community Development (DECD) is to develop and implement strategies to increase the state's economic competitiveness. We do this by attracting and retaining businesses and jobs, revitalizing neighborhoods and communities, and preserving and promoting cultural and tourism assets.

House Bill 6829 will improve the agency's ability to effectively and efficiently negotiate business assistance deals, strengthen our efforts to attract and retain businesses, and create good paying jobs here in Connecticut. The legislation is informed by the agency's recent experiences in negotiations with "First Five" applicants and other recipients of DECD's financial assistance over the last few years.

State Financial Assistance, or the Manufacturers Assistance Act (MAA), was created by statute in 1990, and the Urban and Industrial Sites Reinvestment Act Tax Credit program (URA) was established in 2000. Since the inception of these two programs, projects have increased dramatically in size and scope. The current triggers of \$10 million for legislative approval on MAA projects and \$20 million for URA projects are outdated and not in line with financial assistance packages that are currently being negotiated. Nor are they in line with the way other states manage their economic development budgets. In these states, similar economic development agencies are allowed wide discretion within their annual budgets, and individual transactions are left to the discretion of the Commissioner.

These triggers can constrain the agency's ability to attract companies to the state. Through either the site finder professionals or within the company itself, the current caps indicate that moves over approximately 500 employees will need to be made public in our process – a step that few companies will take if competitive alternatives are available.



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The success of the First Five legislation (PA 11-86), which was approved by the legislature in 2011, demonstrates this fact – companies have been very willing to work with us when the caps do not exist.

Though we would prefer the caps be raised even further or eliminated altogether, increasing the legislative approval triggers from \$10 million to \$16 million for State Financial Assistance and from \$20 million to \$27 million for the URA tax credit will help ensure that Connecticut maintains its competitive advantage relative to other states. HB 6829 will update the thresholds, better reflecting the intent of, and practice under, the original statute.

I would also remind the Committee, that as we discussed during the informational hearing we had a few weeks ago, DECD underwrites all of our larger transactions to require a return on state capital through interest payments, increased tax revenue and return of principal, as part of every deal. Therefore, you can rest assured that we fully expect to see a positive return on any funds invested.

Our assistance programs and incentives have all been created to provide the agency with the tools necessary to compete for the business and jobs that the state needs to maintain and strengthen our position in the global economy. As the economy changes, we must also adapt our programs to compete in the economy of the future.

Thank you for considering the department's comments.



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TESTIMONY BEFORE THE COMMERCE COMMITTEE
2/24/15

**Re: HB 6830: AN ACT REVISING THE REMEDIAL ACTION AND REDEVELOPMENT
MUNICIPAL GRANT PROGRAM AND THE TARGETED BROWNFIELD DEVELOPMENT
LOAN PROGRAM**

**SB 961: AN ACT CONCERNING THE REMEDIATION OF STATE-OWNED AND
FORMERLY STATE-OWNED BROWNFIELDS**

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo and members of the Commerce Committee. Thanks for the opportunity to testify on two bills before you here today: HB 6830 and SB 961.

As you are aware, our mission at the Department of Economic and Community Development (DECD) is to develop and implement strategies to increase the state's economic competitiveness. We do this by attracting and retaining businesses and jobs, revitalizing neighborhoods and communities, and preserving and promoting cultural and tourism assets.

DECD's brownfield programs are at the forefront of the agency's efforts to revitalize Connecticut's cities and neighborhoods. Through these programs, DECD has helped to reactivate contaminated properties in every corner of the State. DECD's brownfield clean-up investments have leveraged substantial private capital and are helping to bring numerous properties back onto the tax rolls and into productive use. Connecticut has become a national leader in the effort to remediate brownfields; since 2012, the State has invested or committed more than \$110 million to remediation. By comparison, in the life of the federal EPA brownfield program, dating to 1995, just \$190 million has been invested nationwide. In an effort to further Connecticut's efforts, the agency has proposed HB 6830 and SB 961 and urges your support of these initiatives.

In 2011, Public Act 11-1 directed DECD and the Department of Energy and Environmental Protection to identify state-owned brownfield properties that could be candidates for redevelopment. The legislature also authorized up to \$20 million in bonds to support the cleanup of these prioritized sites in conjunction with redevelopment plans. In accordance with the legislation, seven brownfield sites were identified, and in June 2012, DECD issued a Request for Proposals to solicit developers interested in one or more of these sites. Unfortunately, interest in the sites was limited and to date, only \$500,000 of the \$20 million bond authorization has been utilized. Senate Bill 961 would



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expand the definition of properties eligible for funding under this initiative to “formerly state-owned brownfields” in an effort to enable more sites to access this important source of authorized capital to clean up contaminated sites.

Similarly, HB 6830 proposes a number of statutory changes to improve DECD’s brownfield programs. Many of these changes stem from discussions with the state’s Brownfields Working Group. Among other things, the bill seeks to provide DECD with the authority to provide area-wide planning grants to help communities develop strategic plans to prioritize cleanup of clusters of brownfield sites. It also seeks to empower the agency to increase existing grant awards in circumstances where there have been unanticipated legitimate cost overruns related to environmental cleanup. Further, the bill proposes to equalize the allowable limit of loans and grants, while also proposing several additional technical changes. In totality, the legislation promises to enhance DECD’s ability to help bring the state’s contaminated properties back into productive use.



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TESTIMONY BEFORE THE COMMERCE COMMITTEE
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**Re: HB 6831: AN ACT STREAMLINING THE STATE ECONOMIC STRATEGIC PLAN AND
THE REPORTING REQUIREMENTS OF THE DEPARTMENT OF ECONOMIC AND
COMMUNITY DEVELOPMENT**

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo and members of the Commerce Committee. I appreciate the opportunity to testify in support of HB 6831: An Act Streamlining the State Economic Strategic Plan and the Reporting Requirements of the Department of Economic and Community Development

As you are aware, our mission at the Department of Economic and Community Development (DECD) is to develop and implement strategies to increase the state's economic competitiveness. We do this by attracting and retaining businesses and jobs, revitalizing neighborhoods and communities, and preserving and promoting cultural and tourism assets.

HB 6831 proposes to streamline both DECD's Annual Report and its Economic Strategic Plan. It promises to make each of these documents more valuable and user-friendly to policymakers and constituents.

Recent annual reports and strategic plans have been several hundred pages long – so long in fact that the primary areas of importance are often lost in the reams of information, since the current statutes require that DECD report on numerous items that are not directly linked to the strategy or the agency's responsibilities. In order to focus the documents on the information and analysis that the reader needs to understand, the streamlined documents will succinctly relay the pertinent information to the reader. In other words, this bill will ensure that both documents provide useful information in a more accessible fashion.

With 2014's launch of the Connecticut Open Data Portal, information about DECD's assistance portfolio can be easily accessed via the web. As a result, the need for extensive detail in DECD's annual report has been mitigated, leaving the report to focus on the analytics of that data. Further, with personnel levels at DECD having declined, reporting is consuming a greater share of resources – taking staff away from assisting customers. These proposed changes will save valuable staff time and will yield both an annual report and a strategic plan that are relevant and helpful to those who read them.

Thank you for considering the department's comments this matter. I strongly urge your support.



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TESTIMONY BEFORE THE COMMERCE COMMITTEE
2/24/15

Re: HB 6832: AN ACT REPEALING THE HIGH PERFORMANCE WORK ORGANIZATION PROGRAM AND THRESHOLD PROJECT PROVISIONS CONCERNING FINANCIAL ASSISTANCE AWARDED BY THE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT AND CONNECTICUT INNOVATIONS, INCORPORATED

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo and members of the Commerce Committee. Thank you for the opportunity to testify in support of HB 6832: An Act Repealing the High Performance Work Organization Program and Threshold Project Provisions Concerning Financial Assistance Awarded by the Department of Economic and Community Development and Connecticut Innovations, Incorporated.

As you are aware, our mission at the Department of Economic and Community Development (DECD) is to develop and implement strategies to increase the state's economic competitiveness. We do this by attracting and retaining businesses and jobs, revitalizing neighborhoods and communities, and preserving and promoting cultural and tourism assets.

In order to fulfill our mission as effectively as possible, we at DECD are constantly evaluating our processes and procedures – some of which are codified in statute – to determine where improvements can be made. This bill seeks to improve our efficiency in serving our customers by eliminating two antiquated and redundant process requirements.

Under C.G.S. § 32-476, DECD is required to give preference to companies that have established a working environment consistent with “High Performance Work Organizations.” C.G.S. § 32-452 mandates that business receiving a certain level of state assistance, so-called “Threshold Projects”, provide annual reports to the agency on their progress in meeting the state's public policy objectives.

DECD deems each of these requirements to be unnecessarily onerous and of no discernible value for the following reasons. First, the objectives of both High Performance Work Organizations and Threshold Projects are the premise of all our assistance programs. Current DECD practice and program development reflect the public policy intentions of both of these programs. Second, the factors that determine a High Performance Work Organization are consistent with virtually any successful enterprise. And, while DECD is required to give preference to such organizations, compliance with the statute is in fact optional for businesses – resulting in reporting on High Performance Work Organizations that is sporadic at best. Finally, the annual reporting requirements of



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Threshold Projects are effectively implemented as part of the annual compliance review that all assistance agreements must undergo, and the reports themselves serve no purpose within DECD. In other words, under the Threshold Project requirements, DECD must obtain documentation from private companies that is merely placed in a file and serves no purpose once received.

In short, HB 6832 will eliminate unnecessary and onerous statutes and will help streamline DECD's processes and procedures.

Thank you for considering the department's comments, and I urge your support.



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TESTIMONY BEFORE THE COMMERCE COMMITTEE
2/24/15

**Re: HB 6833: AN ACT CONCERNING THE QUALIFICATIONS AND DUTIES OF THE
EXECUTIVE DIRECTOR OF THE OFFICE OF MILITARY AFFAIRS**

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo and members of the Commerce Committee. I appreciate the opportunity to testify in support of HB 6833: An Act Concerning the Qualifications and Duties of the Executive Director of the Office of Military Affairs.

As you may be aware, the Office of Military Affairs (OMA), led by Bob Ross, is administered within DECD. Its primary purpose is to seek opportunities to enhance military and defense industry presence in Connecticut and to advocate for the many organizations and people in our state who serve and support our nation's defense.

The 2007 legislation establishing OMA has served the organization well over the last several years. However, OMA hopes to update that legislation to better capture the reality of the tasks the office performs. Some provisions of the original legislation are no longer relevant, while there are also some notable omissions in the statute.

The bill before you – HB 6833– makes these technical changes to the statutes governing OMA to ensure that they are up-to-date and reflective of the true functions of the office. I appreciate, in advance, your due consideration of this legislation and encourage your support.



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TESTIMONY BEFORE THE COMMERCE COMMITTEE
2/24/15

RE: SB 960: AN ACT ELIMINATING UNUSED TAX CREDITS

Senator Hartley, Representative Perone, Senator Frantz, Representative Camillo and members of the Commerce Committee. I appreciate the opportunity to testify in support of SB 960: An Act Eliminating Unused Tax Credits.

As you are aware, our mission at the Department of Economic and Community Development (DECD) is to develop and implement strategies to increase the state's economic competitiveness. We do this by attracting and retaining businesses and jobs, revitalizing neighborhoods and communities, and preserving and promoting cultural and tourism assets.

In an effort to efficiently and effectively carry out our mission, we at DECD are constantly evaluating our programs, processes and procedures. As part of those evaluations, we complete an assessment of the various tax credits and abatements offered by the State of Connecticut once every three years.

The latest assessment of those programs recommends that DECD eliminate the Service Facilities Corporate Tax Credit and the Enterprise Zone Corporate Tax Credit for Qualifying Corporations. These two credits have had no claims to date. Given the lack of claims and the fact that there are other incentive programs available to firms who might someday qualify for these credits, we see no reason for these credits to remain on the books.

As a result, we respectfully request their elimination and your support of SB 960.